

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2006-186-E - ORDER NO. 2006-470

AUGUST 2, 2006

IN RE: Electric Service Contract Between South Carolina Electric & Gas Company and Grant Allendale, Incorporated) ORDER APPROVING) CONTRACT AND) GRANTING FURTHER) RELIEF
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This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of South Carolina Electric & Gas Company (SCE&G or the Company) for approval of a Contract for Electric Service between the Company and Grant Allendale, Inc. (Grant Allendale). This Contract governs a new Grant Allendale manufacturing plant being constructed in Allendale, South Carolina. The economic incentive offered in this Contract served as a material inducement to Grant Allendale choosing to locate its facility in South Carolina, according to SCE&G. Grant Allendale is a subsidiary of Grant Forest Products (Canada). Grant Forest Products is a leader in the production of oriented strand board (OSB) and engineered wood products. While Grant Forest Products currently operates the largest OSB manufacturing facility in the world in Canada, according to SCE&G, the facility in Allendale will be even larger.

SCE&G further requests that the Contract be received by the Commission under seal for review, because of the commercial sensitivity and proprietary nature of certain

provisions of the Contract, as well as the highly competitive nature of the industry in which Grant Allendale operates.

The Office of Regulatory Staff (ORS) has met with SCE&G representatives, and reviewed the filing. ORS has no objections to the Contract. ORS notes that the Contract was executed under SCE&G's economic development program. The Grant Allendale facility is expected to create 120 jobs from an investment of \$200 million. According to ORS, this facility could have a "ripple effect" on economic growth in this rural area, as well as on the State of South Carolina.

Further, ORS recommends that, if this Commission approves the request, that a provision be included to require SCE&G to track any resulting foregone revenue and reserve the appropriate ratemaking treatment related to any foregone revenues for a future rate proceeding or review as determined by the Commission.

We have examined this matter and conclude that the Contract for Electric Service between the Company and Grant Allendale should be approved, and it is so approved herein. Clearly, the economic incentive offered in this Contract is highly desirable, in that it was a material inducement to Grant Allendale choosing to locate its facility in South Carolina. Further, the facility in question is expected to create 120 jobs from an investment of \$200 million. This is an excellent benefit for this rural area and for this State.

In addition, we grant the Company's request that the Contract be received by this Commission under seal for review. We agree that certain provisions of the contract are

commercially sensitive and proprietary. Further, this treatment is justified because of the competitive nature of the industry in which Grant Allendale operates.

Lastly, we grant the ORS request that SCE&G be required to track any resulting foregone revenue and reserve the appropriate ratemaking treatment related to any foregone revenues for a future rate proceeding or review as determined by this Commission. Such a requirement is reasonable when contracts such as the one at issue in this instance are under consideration.

In summary, the Contract is approved as filed, the contract has been received by this Commission under seal for review, and SCE&G is required to track any resulting foregone revenues for a future rate proceeding as described above.

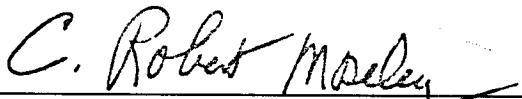
This Order shall remain in full force and effect until further Order of this Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



C. Robert Moseley, Vice-Chairman

(SEAL)